



Review of Aggregation and Power Acquisition Issues

May 19, 2004



TABORS CARAMANIS & ASSOCIATES

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Overview

- ▲ TCA review is limited to two issues
 - Community Choice Aggregation
 - Power Acquisition issues related to Generation Supply Strategy and other power supply acquisition components
- ▲ Navigant study highlights need to take careful steps in a staged strategy



Summary of TCA Review

	Navigant	TCA Comments
Community Choice Aggregation ("CCA")	Start with CCA, don't implement until California PUC rules are issued	<ul style="list-style-type: none"> ▲ Right approach: start slow, go for low initial cost. ▲ Much lower start-up cost aggregations are possible. Out-source expensive aspects. ▲ Push for CCA rules mirroring successful states before implementing.
Generation Supply Strategy & Power Acquisition	<ul style="list-style-type: none"> ▲ Develop power commitments to meet CCA and Greenfield loads ▲ Long-term, begin generation participation 	<ul style="list-style-type: none"> ▲ Mixed contracting and delayed generation participation is good, but ▲ Supply acquisition can be out-sourced to experience industry entities, public & private, for lower start-up cost & risk. ▲ Evaluate generation participation on a specific case basis, opportunistically. ▲ Don't acquire supply ahead of sales commitments to CCA or Greenfield Developments.



Concluding Comments

- ▲ **Energy markets are very volatile**
 - Gas and electricity prices and regulation shift suddenly
 - But prices usually move together
 - Decision makers must be prepared for this volatility
 - Active management of risks is required
- ▲ **A phased approach is important**
 - Start with a limited CCA or similar aggregation program (once rules are favorable) coupled with Greenfield Development, on a case-by-case basis
 - Supply acquisition for CCA and/or Greenfield Development out-sourced with limited City cost or risk

